

AMENDMENT NO. _____ Calendar No. _____

Purpose: In the nature of a substitute.

IN THE SENATE OF THE UNITED STATES—114th Cong., 2d Sess.

H. R. 5602

To amend title 31, United States Code, to authorize the Secretary of the Treasury to include all funds when issuing certain geographic targeting orders, and for other purposes.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Mr. SHELBY (for himself and Mr. BROWN)

Viz:

1 Strike all after the enacting clause and insert the fol-
2 lowing:

3 **TITLE I—ENHANCING**
4 **ANTITERRORISM TOOLS OF**
5 **THE DEPARTMENT OF THE**
6 **TREASURY**

7 **SEC. 101. INCLUSION OF ALL FUNDS.**

8 (a) IN GENERAL.—Section 5326 of title 31, United
9 States Code, is amended—

10 (1) in the heading of such section, by striking
11 “coin and currency”;

1 (2) in subsection (a)—

2 (A) by striking “subtitle and” and insert-
3 ing “subtitle or to”; and

4 (B) in paragraph (1)(A), by striking
5 “United States coins or currency (or such other
6 monetary instruments as the Secretary may de-
7 scribe in such order)” and inserting “funds (as
8 the Secretary may describe in such order),”;
9 and

10 (3) in subsection (b)—

11 (A) in paragraph (1)(A), by striking “coins
12 or currency (or monetary instruments)” and in-
13 sserting “funds”; and

14 (B) in paragraph (2), by striking “coins or
15 currency (or such other monetary instruments
16 as the Secretary may describe in the regulation
17 or order)” and inserting “funds (as the Sec-
18 retary may describe in the regulation or
19 order)”.

20 (b) CLERICAL AMENDMENT.—The table of contents
21 for chapter 53 of title 31, United States Code, is amended
22 in the item relating to section 5326 by striking “coin and
23 currency”.

1 **SEC. 102. IMPROVING ANTITERROR FINANCE MONITORING**
2 **OF FUNDS TRANSFERS.**

3 (a) STUDY.—

4 (1) IN GENERAL.—To improve the ability of the
5 Department of the Treasury to better track cross-
6 border fund transfers and identify potential financ-
7 ing of terrorist or other forms of illicit finance, the
8 Secretary shall carry out a study to assess—

9 (A) the potential efficacy of requiring
10 banking regulators to establish a pilot program
11 to provide technical assistance to depository in-
12 stitutions and credit unions that wish to provide
13 account services to money services businesses
14 serving individuals in Somalia;

15 (B) whether such a pilot program could be
16 a model for improving the ability of United
17 States persons to make legitimate funds trans-
18 fers through transparent and easily monitored
19 channels while preserving strict compliance with
20 the Bank Secrecy Act (Public Law 91–508; 84
21 Stat. 1114) and related controls aimed at stop-
22 ping money laundering and the financing of ter-
23 rorism; and

24 (C) consistent with current legal require-
25 ments regarding confidential supervisory infor-
26 mation, the potential impact of allowing money

1 services businesses to share certain State exam-
2 ination information with depository institutions
3 and credit unions, or whether another appro-
4 priate mechanism could be identified to allow a
5 similar exchange of information to give the de-
6 pository institutions and credit unions a better
7 understanding of whether an individual money
8 services business is adequately meeting its anti-
9 money laundering and counter-terror financing
10 obligations to combat money laundering, the fi-
11 nancing of terror, or related illicit finance.

12 (2) PUBLIC INPUT.—The Secretary should so-
13 licit and consider public input as appropriate in de-
14 veloping this study.

15 (b) REPORT.—Not later than 270 days after the date
16 of the enactment of this Act, the Secretary shall submit
17 to the Committee on Financial Services and the Com-
18 mittee on Foreign Affairs of the House of Representatives
19 and the Committee on Banking, Housing, and Urban Af-
20 fairs and the Committee on Foreign Relations of the Sen-
21 ate a report that contains all findings and determinations
22 made in carrying out the study required under subsection
23 (a).

1 **SEC. 103. SENSE OF CONGRESS ON INTERNATIONAL CO-**
2 **OPERATION REGARDING TERRORIST FINANC-**
3 **ING INTELLIGENCE.**

4 It is the sense of the Congress that the Secretary,
5 acting through the Under Secretary for Terrorism and Fi-
6 nancial Crimes, should intensify work with foreign part-
7 ners to help the foreign partners develop intelligence ana-
8 lytic capacities, in a finance ministry or other appropriate
9 agency, that are—

10 (1) commensurate to the threats faced by the
11 foreign partner; and

12 (2) designed to better integrate intelligence ef-
13 forts with the anti-money laundering and counter-
14 terrorist financing regimes of the foreign partner.

15 **SEC. 104. EXAMINING THE COUNTER-TERROR FINANCING**
16 **ROLE OF THE DEPARTMENT OF THE TREAS-**
17 **URY IN EMBASSIES.**

18 Not later than 180 days after the enactment of this
19 Act, the Secretary shall submit to the Committee on Fi-
20 nancial Services and the Committee on Foreign Affairs of
21 the House of Representatives and the Committee on
22 Banking, Housing, and Urban Affairs and the Committee
23 on Foreign Relations of the Senate a report that con-
24 tains—

25 (1) a list of the United States embassies in
26 which a full-time Department of the Treasury finan-

1 cial attaché is stationed and a description of how the
2 interests of the Department of the Treasury relating
3 to terrorist financing and money laundering are ad-
4 dressed (via regional attachés or otherwise) at US
5 embassies where no such attachés are present;

6 (2) a list of the United States embassies at
7 which the Department of the Treasury has assigned
8 a technical assistance advisor from the Office of
9 Technical Assistance of the Department of the
10 Treasury;

11 (3) an overview of how Department of the
12 Treasury financial attachés and technical assistance
13 advisors assist in efforts to counter illicit finance, to
14 include money laundering, terrorist financing, and
15 proliferation financing; and

16 (4) an overview of patterns, trends, or other
17 issues identified by Department of the Treasury
18 attachés and whether resources are sufficient to ad-
19 dress these issues.

1 **TITLE II—NATIONAL STRATEGY**
2 **FOR COMBATING TERRORIST**
3 **AND OTHER ILLICIT FINANC-**
4 **ING**

5 **SEC. 201. DEVELOPMENT OF NATIONAL STRATEGY.**

6 (a) IN GENERAL.—The President, acting through the
7 Secretary shall, in consultation with the Attorney General,
8 the Secretary of State, the Secretary of Homeland Secu-
9 rity, the Director of National Intelligence, and the appro-
10 priate Federal banking agencies, develop a national strat-
11 egy for combating the financing of terrorism and related
12 forms of illicit finance.

13 (b) TRANSMITTAL TO CONGRESS.—

14 (1) IN GENERAL.—Not later than January 31,
15 2018, the President shall submit to the appropriate
16 congressional committees a comprehensive national
17 strategy developed in accordance with subsection (a).

18 (2) UPDATES.—Not later than January 31,
19 2020, and January 31, 2022, the President shall
20 submit to the appropriate congressional committees
21 updated versions of the national strategy submitted
22 under paragraph (1).

23 (c) SEPARATE PRESENTATION OF CLASSIFIED MA-
24 TERIAL.—Any part of the national strategy that involves
25 information that is properly classified under criteria estab-

1 lished by the President shall be submitted to the Congress
2 separately in a classified annex and, if requested by the
3 chairman or ranking Member of one of the appropriate
4 congressional committees, as a briefing at an appropriate
5 level of security.

6 **SEC. 202. CONTENTS.**

7 (a) IN GENERAL.—The strategy described in section
8 201 shall contain the following:

9 (1) EVALUATION OF EXISTING EFFORTS.—An
10 assessment of the effectiveness of and ways in which
11 the United States is currently addressing the highest
12 levels of risk of various forms of illicit finance, in-
13 cluding those identified in the documents entitled
14 “2015 National Money Laundering Risk Assess-
15 ment” and “2015 National Terrorist Financing Risk
16 Assessment”, published by the Department of the
17 Treasury and a description of how the strategy is in-
18 tegrated into, and supports, the broader counter ter-
19 rorism strategy of the United States.

20 (2) GOALS, OBJECTIVES, AND PRIORITIES.—A
21 comprehensive, research-based, long-range, quantifi-
22 able discussion of goals, objectives, and priorities for
23 disrupting and preventing illicit finance activities
24 within and transiting the financial system of the

1 United States that outlines priorities to reduce the
2 incidence, dollar value, and effects of illicit finance.

3 (3) THREATS.—An identification of the most
4 significant illicit finance threats to the financial sys-
5 tem of the United States.

6 (4) REVIEWS AND PROPOSED CHANGES.—Re-
7 views of enforcement efforts, relevant regulations
8 and relevant provisions of law and, if appropriate,
9 discussions of proposed changes determined to be
10 appropriate to ensure that the United States pur-
11 sues coordinated and effective efforts at all levels of
12 government, and with international partners of the
13 United States, in the fight against illicit finance.

14 (5) DETECTION AND PROSECUTION INITIA-
15 TIVES.—A description of efforts to improve detection
16 and prosecution of illicit finance, including efforts to
17 ensure that—

18 (A) subject to legal restrictions, all appro-
19 priate data collected by the Federal Govern-
20 ment that is relevant to the efforts described in
21 this section be available in a timely fashion to—

22 (i) all appropriate Federal depart-
23 ments and agencies; and

24 (ii) as appropriate and consistent with
25 section 314 of the International Money

1 Laundering Abatement and Financial
2 Anti-Terrorism Act of 2001 (31 U.S.C.
3 5311 note), to financial institutions to as-
4 sist the financial institutions in efforts to
5 comply with laws aimed at curbing illicit fi-
6 nance; and

7 (B) appropriate efforts are undertaken to
8 ensure that Federal departments and agencies
9 charged with reducing and preventing illicit fi-
10 nance make thorough use of publicly available
11 data in furtherance of this effort.

12 (6) THE ROLE OF THE PRIVATE FINANCIAL
13 SECTOR IN PREVENTION OF ILLICIT FINANCE.—A
14 discussion of ways to enhance partnerships between
15 the private financial sector and Federal departments
16 and agencies with regard to the prevention and de-
17 tection of illicit finance, including—

18 (A) efforts to facilitate compliance with
19 laws aimed at stopping such illicit finance while
20 maintaining the effectiveness of such efforts;
21 and

22 (B) providing guidance to strengthen inter-
23 nal controls and to adopt on an industry-wide
24 basis more effective policies.

1 (7) ENHANCEMENT OF INTERGOVERNMENTAL
2 COOPERATION.—A discussion of ways to combat il-
3 licit finance by enhancing—

4 (A) cooperative efforts between and among
5 Federal, State, and local officials, including
6 State regulators, State and local prosecutors,
7 and other law enforcement officials;

8 (B) cooperative efforts with and between
9 governments of countries and with and between
10 multinational institutions, including the Finan-
11 cial Action Task Force, with expertise in fight-
12 ing illicit finance.

13 (8) TREND ANALYSIS OF EMERGING ILLICIT FI-
14 NANCE THREATS.—A discussion of and data regard-
15 ing trends in illicit finance, including evolving forms
16 of value transfer such as so-called cryptocurrencies,
17 other methods that are computer, telecommuni-
18 cations, or Internet-based, cyber crime, or any other
19 threats that the Secretary may choose to identify.

20 (9) BUDGET PRIORITIES.—A multiyear budget
21 plan that identifies sufficient resources needed to
22 successfully execute the full range of missions called
23 for in this section.

24 (10) TECHNOLOGY ENHANCEMENTS.—An anal-
25 ysis of current and developing ways to leverage tech-

1 nology to improve the effectiveness of efforts to stop
2 the financing of terrorism and other forms of illicit
3 finance, including better integration of open-source
4 data.

5 **TITLE III—DEFINITIONS**

6 **SEC. 301. DEFINITIONS.**

7 In this Act—

8 (1) the term “appropriate congressional com-
9 mittees” means—

10 (A) the Committee on Financial Services,
11 the Committee on Foreign Affairs, the Com-
12 mittee on Armed Services, the Committee on
13 the Judiciary, Committee on Homeland Secu-
14 rity, and the Permanent Select Committee on
15 Intelligence of the House of Representatives;
16 and

17 (B) the Committee on Banking, Housing,
18 and Urban Affairs, the Committee on Foreign
19 Relations, Committee on Armed Services, Com-
20 mittee on the Judiciary, Committee on Home-
21 land Security and Governmental Affairs, and
22 the Select Committee on Intelligence of the
23 Senate;

24 (2) the term “appropriate Federal banking
25 agencies” has the meaning given the term in section

1 3 of the Federal Deposit Insurance Act (12 U.S.C.
2 1813);

3 (3) the term “Bank Secrecy Act” means—

4 (A) section 21 of the Federal Deposit In-
5 surance Act (12 U.S.C. 1829b);

6 (B) chapter 2 of title I of Public Law 91-
7 508 (12 U.S.C. 1951 et seq.); and

8 (C) subchapter II of chapter 53 of title 31,
9 United States Code;

10 (4) the term “illicit finance” means the financ-
11 ing of terrorism, money laundering, or other forms
12 of illicit financing domestically or internationally, as
13 defined by the President;

14 (5) the term “money services business” has the
15 meaning given the term under section 1010.100 of
16 title 31, Code of Federal Regulations;

17 (6) the term “Secretary” means the Secretary
18 of the Treasury; and

19 (7) the term “State” means each of the several
20 States, the District of Columbia, and each territory
21 or possession of the United States.